



## Pre-Quarterly Results Communication Q4 2021

Issued: Tuesday 11<sup>th</sup> January 2022

This Q4 2021 Pre-Quarterly Results Communication has been prepared by GSK in accordance with our standard prior practice. This Communication includes statements made previously by GSK in communications such as our Q3 2021 press release dated 27 October 2021, and our related Q3 2021 results presentation and analyst/investor call on that date. These statements are extracted from their original source and therefore, by definition, do not reflect subsequent or recent events, circumstances or developments, including divestments and the impact of the coronavirus outbreak since such statements were made (see the “Historic London Stock Exchange announcements (LSE announcements) and press releases” section of this Communication).

Any updates to these and other previously made statements would only be included in further communications by GSK to the market in our Q4 2021 release or otherwise. Accordingly, the extracted statements should only be taken as speaking as at the date they were originally made, and the inclusion of the extracted statements herein should not be taken as an indication that they will not be updated in the future.

As our Q3 2021 results announcement indicated, the potential impact of the ongoing COVID-19 pandemic on GSK’s trading performance and all our principal risks were assessed with mitigation plans put in place. In the first nine months of 2021, as anticipated, the pandemic impacted Group performance primarily in demand for Vaccines as a result of governments’ prioritisation of COVID-19 vaccination programmes and of ongoing containment measures impacting customers’ ability and willingness to access vaccination services across all regions. At the time of our Q3 results announcement we remained confident in the underlying demand for our Vaccine products and continued to be encouraged by the rate at which COVID-19 vaccinations are being deployed in many countries which provides support for healthcare systems returning to normal. We continue to monitor the situation closely, as this continues to be a very dynamic and uncertain situation, with the ultimate severity, duration and impact unknown at this point including potential impacts on trading results, clinical trials, supply continuity and our employees. The situation could change at any time and there can be no assurance that the COVID-19 pandemic will not have a material adverse impact on the future results of the Group

Please read the assumptions and cautionary statements regarding forward-looking statements set out on pages 60 and 61 of the Q3 2021 results press release and on the further reports, announcements, press releases issued by the Company, including the “Basis of preparation, assumptions and cautionary statement” section of the announcement issued by the Company on 23 June 2021 in relation to its Investor Update. Please also read the definitions and reconciliations for non-IFRS measures on page 59 of the Q3 2021 results release and the annual report on Form 20-F for FY 2020.

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## **2022 Guidance**

GSK intends to provide 2022 guidance on 9 February for 'New GSK', the biopharma business, at the level of sales growth and Adjusted operating profit growth (both in CER terms). As previously stated, guidance will exclude the impact of COVID-19 solutions. Separate outlooks and 2022 guidance for Consumer Healthcare will be provided at a Capital Markets Day planned to take place in Q1 (date to be communicated shortly).

'New GSK' will adopt the segment reporting framework set out at the June 2021 Investor Update (see slide 118 of the Investor Update slide deck <https://www.gsk.com/media/7055/sustainable-growth-competitive-returns.pdf>). To help with modelling 'New GSK', a reconciliation of the 2021 results to reflect the new reporting format is expected to become available later in Q1.

As previously stated, the Consumer Healthcare business is on track to be demerged in mid-2022. Until such time as the formal criteria for treating Consumer Healthcare as a 'Discontinued operation' have been satisfied (currently expected in Q2), GSK will continue to consolidate the business for reporting purposes.

## **Key information for Q4 and Full Year 2021**

### **Foreign exchange:**

- We expect that the impact of foreign exchange on 2021 sales will be around -5%.
- We expect that the negative impact of foreign exchange on 2021 sterling Adjusted EPS will be greater than the negative impact on sales.
  - Over the first nine months of 2021, the negative impact of currencies to adjusted EPS was -10% compared with the -6% impact to sales.

### **Weighted average number of shares (WANS)**

- The basic WANS in 2021 was 5,003m (an increase of 0.5% relative to 2020)

### **2021 COVID-19 solutions expectations**

**Commentary from Q3 2021 press release:** In the year to date, we had COVID-19 solution sales of £485 million including £352 million of pandemic adjuvant sales and £130 million of the treatment Xevudy. The contribution to year-to-date Adjusted EPS was approximately 6%. For the full year, we anticipate that COVID-19 solutions will contribute approximately 7% to 9% to Adjusted EPS (previously 4% to 6%) at CER. The precise Adjusted EPS contribution of COVID-19 solution sales within the 7% to 9% range depends on pandemic adjuvant contracting for 2022 and the resulting potential charges within COGS as we continue to manufacture for this potential.

### **Pharma**

#### **Commentary from Q3 2021 analyst/ investor call:**

**Full year outlook:** In the year-to-date, overall revenues grew 5% [+4% excluding Xevudy], and we are raising our expectations for sales to increase low single digit in the full year, excluding Xevudy sales. Within this, we still expect **Established Pharma** sales to decline high single digits in 2021.

**HIV:** Third quarter HIV sales grew by 8%, driven by the growth in the innovation portfolio and taking year-to-date growth to 4%. In Q3 around 2% of the growth was driven by favourable wholesaler purchasing patterns in the US, and 2% by the growth of tenders in the international region.

**Cabenuva:** Cabenuva will take time to build and the COVID environment continues to constrain switch activity, particularly where a patient needs to visit a physician's office. We have robust lead indicators with over 80% market access and strong brand recognition. [note 9M YTD sales £18m]

**Zejula:** We continue to see one in two new PARP patients receiving Zejula, despite a tough external environment where, unfortunately, diagnosis rates remain about 16% below pre-COVID levels.

## Vaccines

### **Commentary from Q3 2021 analyst/ investor call:**

**Full year outlook:** With sales YTD and a strong Q4 comparator, particularly for Shingrix, we now expect Vaccines sales to decline mid-single digits this year, excluding pandemic adjuvant (YTD -2%)

**Shingrix 2021 outlook:** Performance to be broadly similar to YTD (-11% CER)

**Meningitis 2021 outlook:** broadly flat, with pandemic impact

**Flu 2021 outlook:** Revenues broadly similar to slightly lower than 2020

**COVID immunisation progress in the US** is tracked by the Centers for Disease Control and Prevention (CDC). For US COVID vaccine demographics including adoption by age you can visit:

<https://covid.cdc.gov/covid-data-tracker/#vaccination-demographic>

## Consumer

**Commentary from Q3 2021 analyst/ investor call:** For Consumer in the full year, excluding brands divested or under review, we continue to expect low to mid-single digit percent revenue growth. Sales of brands divested/under review to be around £150m

## **Historic London Stock Exchange announcements (LSE announcements) and press releases**

Since the beginning of Q4 2021 we have issued several LSE announcements and press releases, each of which can be accessed using the following links:

<https://www.gsk.com/en-gb/media/press-releases/>

<https://us.gsk.com/en-us/media/press-releases/>

<https://us.gsk.com/en-us/products/>

<https://www.gsk.com/en-gb/investors/stock-exchange-announcements/london-rns/>

### **Key updates during Q4**

**20 December:** [ViiV Healthcare announces US FDA approval of Apretude \(cabotegravir extended-release injectable suspension\), the first and only long-acting injectable option for HIV prevention | GSK](#)

**15 December:** [GSK and Sanofi announce positive preliminary booster data for their COVID-19 vaccine candidate and continuation of phase III trial per independent Monitoring Board recommendation | GSK](#)

**07 December:** [Medicago and GSK announce positive Phase 3 efficacy and safety results for adjuvanted plant-based COVID-19 vaccine candidate | GSK](#)

**24 November:** [GSK publishes provisional 2022 dividend dates - 16:00:09 24 Nov 2021 - GSK News article | London Stock Exchange](#)

**17 November:** [GSK and Vir Biotechnology announce United States government agreements to purchase sotrovimab, a COVID-19 treatment | GSK](#)

**05 November:** [GSK announces positive Phase III efficacy and safety data for daprodustat in patients with anaemia due to chronic kidney disease | GSK](#)

**23 July:** [GSK begins shipping another record supply of influenza vaccine for 2021-22 season in US | GSK US](#)

**For your reference, the following pages include tables with historical financial information. We have also included some additional detail to help with modelling Q4 2021 and full year estimates.**

## Basic information for Q4 2021

### Foreign exchange

On the basis of the rates in the table below, it is expected that the negative impact of foreign exchange on 2021 sales will be around -5%.

As a result of the mix of currency movements relative to the mix of costs, we expect that the negative impact of foreign exchange on 2021 sterling Adjusted EPS will be greater than the negative impact on sales. Over the first nine months of 2021, the negative impact of currencies to adjusted EPS was -10% compared with the -6% impact to sales.

Average rates Cumulative - YTD	3M 2020	6M 2020	9M 2020	12M 2020	3M 2021	6M 2021	9M 2021	12M 2021
<b>Key currencies</b>								
US\$	1.29	1.27	1.28	1.29	1.38	1.39	1.38	1.38
€	1.17	1.15	1.13	1.13	1.14	1.15	1.15	1.16
Yen	140	137	137	137	146	149	150	151
<b>Other currencies</b>								
Australian dollar	1.96	1.92	1.89	1.87	1.79	1.80	1.83	1.83
Brazilian real	5.77	6.15	6.45	6.63	7.55	7.42	7.34	7.40
Canadian dollar	1.74	1.72	1.73	1.73	1.75	1.73	1.73	1.73
Chinese yuan	9.02	8.91	8.94	8.91	8.94	8.96	8.94	8.86
Indian rupee	93.6	93.5	94.5	95.4	100.8	101.7	101.6	101.5
Russian rouble	87.2	87.8	91.1	93.7	103.5	103.4	102.5	101.8
<b>FX impact on turnover</b>	<b>+0%</b>	<b>+0%</b>	<b>-2%</b>	<b>-2%</b>	<b>-3%</b>	<b>-6%</b>	<b>-6%</b>	<b>-5%</b>
<b>FX impact on adjusted EPS</b>	<b>-1%</b>	<b>+0%</b>	<b>-3%</b>	<b>-2%</b>	<b>-6%</b>	<b>-12%</b>	<b>-10%</b>	<b>n/a</b>

Average rates Quarterly	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
<b>Key currencies</b>								
US\$	1.29	1.25	1.30	1.33	1.38	1.40	1.37	1.36
€	1.17	1.13	1.11	1.11	1.14	1.16	1.16	1.18
Yen	140	134	138	138	146	152	151	154
<b>Other currencies</b>								
Australian dollar	1.96	1.87	1.83	1.81	1.79	1.82	1.87	1.85
Brazilian real	5.77	6.54	7.04	7.18	7.55	7.29	7.20	7.57
Canadian dollar	1.74	1.71	1.74	1.73	1.75	1.72	1.73	1.71
Chinese yuan	9.02	8.81	9.00	8.81	8.94	8.98	8.88	8.65
Indian rupee	93.6	93.4	96.5	98.1	100.8	102.6	101.5	101.2
Russian rouble	87.2	88.5	97.7	101.3	103.5	103.4	100.6	99.6
<b>FX impact on turnover</b>	<b>+0%</b>	<b>+1%</b>	<b>-5%</b>	<b>-1%</b>	<b>-3%</b>	<b>-9%</b>	<b>-5%</b>	<b>-4%</b>
<b>FX impact on adjusted EPS</b>	<b>-1%</b>	<b>+1%</b>	<b>-9%</b>	<b>-1%</b>	<b>-6%</b>	<b>-25%</b>	<b>-7%</b>	<b>n/a</b>

Period end rates	Dec 2019	Mar 2020	June 2020	Sep 2020	Dec 2020	Mar 2021	June 2021	Sep 2021	Dec 2021
<b>Key currencies</b>									
US\$	1.32	1.24	1.23	1.28	1.36	1.38	1.39	1.34	1.35
€	1.18	1.13	1.10	1.10	1.11	1.17	1.17	1.16	1.19
Yen	143	134	132	136	141	152	153	151	155

### Foreign exchange: Ready reckoner

In the 2020 FY results presentation on 3 February 2021, the following ready reckoner was provided on slide 45 to help estimate the expected impact of foreign exchange movements on adjusted EPS\*:

Currency	Impact on 2021 full year adjusted EPS
US dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-6.0%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-1.0%
Japanese yen	10 yen movement in average exchange rate for full year impacts EPS by approximately +/-1.5%

\*Please note that the ready reckoner does not include the impact of inter-company exchange gains or losses

The slide also included 2020 currency sales exposure for GSK:

Currency	2020 currency sales exposure
US dollar	43%
Euro	19%
Japanese yen	6%
Other‡	32%

‡The other currencies that each represent more than 1% of Group sales are: Australian dollar, Brazilian real, Canadian dollar, Chinese yuan, Indian rupee and Russian rouble. In total, they accounted for 13% of Group revenues in 2020

### Basic weighted average number of shares (WANS)

In millions*	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
<b>WANS: Quarter</b>	4,965	4,977	4,980	4,981	4,993	5,004	5,007	5,008
<i>YoY change</i>	+0.6%	+0.6%	+0.6%	+0.6%	+0.6%	+0.5%	+0.6%	+0.5%
<b>WANS: Cumulative - Year to date</b>	4,965	4,971	4,974	4,976	4,993	4,999	5,001	5,003
<i>YoY change</i>	+0.6%	+0.6%	+0.6%	+0.6%	+0.6%	+0.6%	+0.5%	+0.5%
Period end shares	4,977	4,978	4,980	4,981	5,004	5,005	5,008	5,009

\*excludes treasury shares and shares held by ESOP trusts

## Dividend

In the Q3 2021 press release we made the following comments regarding the dividend:

*“The Board currently intends to maintain the dividend for 2021 at the current level of 80p per share, subject to any material change in the external environment or performance expectations.*

*At the New GSK Investor Update on 23 June GSK set out that from 2022 a progressive dividend policy will be implemented, guided by a 40 to 60 percent pay-out ratio through the investment cycle. This is a key part of the capital allocation framework. For 2022, for the first half of the year, GSK expects to declare a 27p dividend for the current group. GSK is on track to separate into two companies early in the second half of 2022. GSK expects the aggregate dividend, across the two new businesses to be 28p per share for the second half. In aggregate this would represent on a full year 2022 basis the equivalent of a Group dividend of 55p per share, representing a 31% decrease from the 80p/share dividend expected for 2021. This expected, aggregate 55p per share dividend for full year 2022 is comprised of 44p representing New GSK's policy, and an expected 11p from the Consumer Healthcare business. Dividend policy for the new Consumer Healthcare company will be set by its Board of Directors. In 2023, the first full year of standalone operations for New GSK, GSK expects to declare a full year dividend of 45p per share.”*

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2019	19	19	19	23	80
2020	19	19	19	23	80
2021 - expected	19	19	19		80 <sup>1</sup>
2022 - expected					55 <sup>1,2</sup>

<sup>1</sup>The actual dividend amount is determined by the Board of Directors.

<sup>2</sup> This expected pro-forma, aggregate 55p per share dividend for full year 2022 is comprised of 44p representing New GSK's policy, and an expected 11p from the Consumer Healthcare business.



### Factors impacting recent quarterly comparisons

As usual there were several events in 2021 and during 2020 which impact the year on year comparisons for Q4 and Full Year 2021. This includes the following noteworthy items which you may wish to consider in your modelling.

**Please note that the items listed below are not intended to be a complete list of all items that may impact the comparisons for Q4 2021 versus Q4 2020.**

For further comments, please refer to quarterly press releases, presentations and transcripts. [Quarterly results | GSK](#). In particular, please also refer to slides 23 and 28 of the Q3 2021 Results presentation.

### Pharmaceuticals

Pharmaceuticals (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
<b>Turnover</b>	<b>4,396</b>	<b>4,102</b>	<b>4,192</b>	<b>4,366</b>	<b>17,056</b>	<b>3,882</b>	<b>4,229</b>	<b>4,397</b>
<i>Reported growth - CER</i>	+6%	-5%	-3%	-3%	-1%	-8%	+12%	+10%*
<b>Adjusted operating profit</b>	<b>1,183</b>	<b>976</b>	<b>1,175</b>	<b>851</b>	<b>4,185</b>	<b>1,119</b>	<b>1,241</b>	<b>1,293</b>
<i>Reported growth - CER</i>	-5%	-23%	+16%	-16%	-7%	+2%	+46%	+21%
Adjusted operating margin	26.9%	23.8%	28.0%	19.5%	24.5%	28.8%	29.3%	29.4%

\*9M 2021 CER growth: Turnover (including Xevudy) +5%; Turnover excluding Xevudy +4%; adjusted operating profit +21%.

Commentary by Iain Mackay from Q3 2021 results analyst/investor call: "In the year-to-date, overall revenues grew 5%, and we are raising our expectations for sales to increase low single digit in the full year, excluding Xevudy sales. Within this, we still expect Established Pharma sales to decline high single digits in 2021."

### Pharmaceuticals: Respiratory

Respiratory (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Anoro	117	139	140	151	547	117	134	130
Trelegy	193	194	194	238	819	248	291	326
Nucala	210	241	251	292	994	254	292	285
<b>Respiratory*</b>	<b>520</b>	<b>574</b>	<b>585</b>	<b>681</b>	<b>2,360</b>	<b>619</b>	<b>717</b>	<b>741</b>
<b>CER growth</b>								
<i>Anoro</i>	+16%	+6%	+3%	+8%	+8%	+4%	+4%	-2%
<i>Trelegy</i>	>100%	+58%	+45%	+40%	+59%	+35%	+64%	+77%
<i>Nucala</i>	+38%	+21%	+29%	+34%	+30%	+26%	+32%	+20%
<b>Respiratory</b>	<b>+52%</b>	<b>+27%</b>	<b>+26%</b>	<b>+29%</b>	<b>+32%</b>	<b>+24%</b>	<b>+36%</b>	<b>+33%</b>

\* With effect from Q1 2021 Relvar/Breo, Incruse and Arnuity reported under the "Established Respiratory" section of our "Established Pharmaceuticals" category

## Pharmaceuticals: HIV

HIV (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Tivicay	412	373	377	365	1,527	301	407	352
Triumeq	563	586	577	580	2,306	436	466	504
Juluca	120	113	123	139	495	112	132	130
Dovato	66	68	99	141	374	141	184	208
<b>Dolutegravir products</b>	<b>1,161</b>	<b>1,140</b>	<b>1,176</b>	<b>1,225</b>	<b>4,702</b>	<b>990</b>	<b>1,189</b>	<b>1,194</b>
Rukobia	-	-	3	8	11	7	10	13
Cabenuva	-	-	-	-	-	2	4	12
Other HIV	46	45	37	35	163	32	32	32
<b>HIV</b>	<b>1,207</b>	<b>1,185</b>	<b>1,216</b>	<b>1,268</b>	<b>4,876</b>	<b>1,031</b>	<b>1,235</b>	<b>1,251</b>
<b>CER growth</b>								
<i>Dolutegravir products</i>	<i>+9%</i>	<i>-2%</i>	<i>+1%</i>	<i>+2%</i>	<i>+2%</i>	<i>-11%</i>	<i>+14%</i>	<i>+6%</i>
<b>HIV</b>	<b>+8%</b>	<b>-3%</b>	<b>+0%</b>	<b>+2%</b>	<b>+1%</b>	<b>-11%</b>	<b>+14%</b>	<b>+8%*</b>

\*HIV 9M 2021 CER growth +4%

Commentary by Deborah Waterhouse from Q3 2021 results analyst/investor call: *“Third quarter HIV sales grew by 8%, driven by the growth in the innovation portfolio and taking year-to-date growth to 4%. In Q3 around 2% of the growth was driven by favourable wholesaler purchasing patterns in the US, and 2% by the growth of tenders in the international region.*

*In the US and Europe, despite the depressed switch market, Dovato has gained further share, with 15.3% and 27.8% of the switch market respectively.*

*Cabenuva will take time to build and the COVID environment continues to constrain switch activity, particularly where a patient needs to visit a physician’s office. We have robust lead indicators with over 80% market access and strong brand recognition. More than 2,000 people living with HIV are now taking Cabenuva and intent-to- prescribe levels are high.”*

## Pharmaceuticals: Oncology

Oncology (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Zejula	81	77	92	89	339	88	98	101
Blenrep	-	-	8	25	33	21	21	25
Jemperli	-	-	-	-	-	-	1	2
<b>Oncology</b>	<b>81</b>	<b>77</b>	<b>99</b>	<b>115</b>	<b>372</b>	<b>110</b>	<b>119</b>	<b>128</b>

Commentary on Zejula by Luke Miels on Q3 2021 results analyst/investor call: *“We continue to see one in two new PARP patients receiving Zejula, despite a tough external environment where, unfortunately, diagnosis rates remain about 16% below pre-COVID levels.”*

## Pharmaceuticals: Established Pharmaceuticals

Commentary by Iain Mackay from Q3 2021 results analyst/investor call regarding full year revenue expectations: *“we still expect Established Pharma sales to decline high single digits in 2021.”*

Established Pharmaceuticals (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Established Respiratory	1,316	1,114	1,118	1,092	4,640	1,127	1,089	1,036
Established other	1,121	975	981	1,004	4,081	815	836	886
<b>Total turnover *</b>	<b>2,437</b>	<b>2,089</b>	<b>2,099</b>	<b>2,096</b>	<b>8,721</b>	<b>1,942</b>	<b>1,925</b>	<b>1,922</b>
<b>CER growth</b>								
Established Respiratory	-4%	-9%	-6%	-17%	-9%	-11%	+6%	-3%^
Established other	-2%	-20%	-19%	-16%	-14%	-24%	-7%	-5%^
<b>Total turnover</b>	<b>-3%</b>	<b>-15%</b>	<b>-13%</b>	<b>-16%</b>	<b>-12%</b>	<b>-17%</b>	<b>+0%</b>	<b>-4%^</b>

\* With effect from Q1 2021 Relvar/Breo, Incruse and Arnuity reported under the "Established Respiratory" section of our "Established Pharmaceuticals" category

^9M 2021 CER growth: Established Respiratory -3%; Established other -13%; Total Established -7%

## Vaccines

Vaccines (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Meningitis	225	167	363	274	1,029	190	225	352
Influenza	21	15	445	252	733	18	33	384
Shingrix	647	323	374	645	1,989	327	295	502
Established Vaccines	912	628	850	841	3,231	689	758	841
<b>Total turnover excl pandemic vaccines</b>	<b>1,805</b>	<b>1,133</b>	<b>2,032</b>	<b>2,012</b>	<b>6,982</b>	<b>1,224</b>	<b>1,311</b>	<b>2,079</b>
Pandemic vaccines	-	-	-	-	-	-	260	95
<b>Total turnover incl pandemic vaccines</b>	<b>1,805</b>	<b>1,133</b>	<b>2,032</b>	<b>2,012</b>	<b>6,982</b>	<b>1,224</b>	<b>1,571</b>	<b>2,174</b>
<b>Adjusted operating profit</b>	<b>858</b>	<b>265</b>	<b>899</b>	<b>691</b>	<b>2,713</b>	<b>306</b>	<b>514</b>	<b>1,033</b>
<i>Adjusted operating margin</i>	47.5%	23.4%	44.2%	34.3%	38.9%	25.0%	32.7%	47.5%
<b>CER growth</b>								
Meningitis	+11%	-29%	+1%	+36%	+3%	-13%	+46%	+3%
Influenza	+53%	-6%	+21%	+85%	+37%	-5%	>100%	-8%
Shingrix	+79%	-19%	-25%	+23%	+11%	-47%	+1%	+41%
Established Vaccines	-3%	-34%	-15%	-3%	-14%	-23%	+28%	+4%
<b>Total turnover excl pandemic vaccines</b>	<b>+19%</b>	<b>-29%</b>	<b>-9%</b>	<b>+16%</b>	<b>-1%</b>	<b>-30%</b>	<b>+24%</b>	<b>+8%*</b>
<b>Total turnover incl pandemic vaccines</b>	<b>+19%</b>	<b>-29%</b>	<b>-9%</b>	<b>+16%</b>	<b>-1%</b>	<b>-30%</b>	<b>+49%</b>	<b>+13%^</b>
<b>Adjusted operating profit</b>	<b>+39%</b>	<b>-58%</b>	<b>-18%</b>	<b>+26%</b>	<b>-6%</b>	<b>-60%</b>	<b>&gt;100%</b>	<b>+22%</b>

\*9M 2021 CER growth -2%; ^9M 2021 CER Growth +5%

Commentary by Iain Mackay from Q3 2021 results analyst/investor call:

*“In the year-to-date, total Vaccines revenues were up 5% and down 2%, excluding pandemic adjuvant sales. With sales year-to-date and a strong Q4 comparator, particularly for Shingrix, we now expect Vaccines sales to decline mid-single digits this year, excluding pandemic adjuvant. This has no impact on our mid-term expectations for the Vaccines business, for we continue to be very confident in the demand for our products and high single-digit growth outlook, notably with regard to Shingrix, where we have set the ambition of doubling sales by 2026.”*

Commentary by Luke Miels from Q3 2021 results analyst/investor call regarding Shingrix:

*“With the challenging comparator in Q4 [for Shingrix] ahead and prioritisation of COVID booster vaccinations in the near term, we now expect the year-to-date performance, which is -11% CER, to be a good indication for the direction of travel for Shingrix for the full year.*

*We anticipate Shingrix to deliver strong, double-digit growth in 2022, and, assuming an improved operating environment, we expect next year to be a record year for Shingrix turnover.”*

### Consumer Healthcare

Consumer Healthcare (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
<b>Turnover excl brands divested/under review</b>	<b>2,598</b>	<b>2,273</b>	<b>2,342</b>	<b>2,298</b>	<b>9,511</b>	<b>2,261</b>	<b>2,259</b>	<b>2,471</b>
<i>CER growth – pro forma</i>	+14%	+0%	+3%	+1%	+4%	-9%	+7%	+10%*
Brands divested/under review	264	116	80	62	522	51	33	35
<b>Turnover</b>	<b>2,862</b>	<b>2,389</b>	<b>2,422</b>	<b>2,360</b>	<b>10,033</b>	<b>2,312</b>	<b>2,292</b>	<b>2,506</b>
<i>CER growth – reported</i>	+46%	+25%	+2%	-7%	+14%	-16%	+3%	+8%^
<i>CER growth – pro forma</i>	+11%	-6%	-6%	-7%	-2%	n/a	n/a	n/a
<b>Adjusted operating profit</b>	<b>766</b>	<b>521</b>	<b>541</b>	<b>385</b>	<b>2,213</b>	<b>535</b>	<b>498</b>	<b>648</b>
<i>CER growth – reported</i>	+82%	+33%	-2%	-12%	+22%	-25%	+5%	+28%
<i>CER growth – pro forma</i>	+26%	-11%	-9%	-12%	-1%	n/a	n/a	n/a
<i>Adjusted operating margin</i>	26.8%	21.8%	22.3%	16.3%	22.1%	23.1%	21.7%	25.9%

\*9M 2021 CER growth +2%; ^9M 2021 CER Growth -3%

Commentary on Consumer outlook by Iain Mackay from Q3 2021 results analyst/investor call:

*“For Consumer in the full year, excluding brands divested or under review, we continue to expect low to mid-single digit percent revenue growth.”*

### Corporate and other unallocated turnover and costs

Corporate and other unallocated turnover and costs include the results of certain Consumer Healthcare products which are being held for sale in a number of markets in order to meet anti-trust approval requirements, together with the costs of corporate functions.

Corporate and other unallocated turnover (£m)	Q1	Q2	Q3	Q4	Full Year
2019	-	-	20	28	48
2020	27	-	-	1	28
2021	-	-	-		

Adjusted corporate and other unallocated operating profit (costs) (£m)	Q1	Q2	Q3	Q4	Full Year
2019	(119)	(88)	(82)	(174)	(463)
2020	(132)	(13)	50 <sup>1</sup>	(110)	(205)
2021	(79)	(95)	(100)		

<sup>1</sup> includes one-off benefit from restructuring of post-retirement benefits

## Operating and financial performance

### *Operating performance*

#### Expected costs and savings under Major Restructuring Programmes

In our Q3 2021 results presentation we included the table below.

Annual savings: (£bn)	Cumulative actuals to 2020	2021 projected <sup>1</sup>	2022 projected <sup>1</sup>	2023 projected <sup>1</sup>	2024 projected <sup>1</sup>	Total lifetime
<b>2018 Restructuring Programme incl. Tesaro (Announced Q2'18)</b>						
Savings <sup>2</sup>	0.3	0.5				0.5
Total charges	1.5	0.1				1.6
Cash payments	0.3	0.1	0.1			0.5
<b>Consumer Joint Venture (Announced Dec-18)</b>						
Synergies <sup>2</sup>	0.3	0.4	0.5			0.5
Total charges	0.6	0.2	-			0.8
Cash payments	0.5	0.2	-			0.7
<b>Separation Preparation Programme<sup>4</sup> (Announced Feb-20)</b>						
Savings <sup>2</sup>	0.1	0.4	0.8	1.0	1.0	1.0
Total charges	0.8	0.8	0.6	0.2	-	2.4
Cash payments	0.2	0.6	0.6	0.2	-	1.6
<b>Separation Costs<sup>3</sup></b>						
Total charges	0.1	0.3	0.2	-	-	0.6
Cash payments	0.1	0.3	0.2	-	-	0.6

<sup>1</sup>All expectations and targets regarding future performance should be read together with the "Outlook assumptions and cautionary statement" sections of the Third Quarter 2021 Results Announcement and the cautionary statement slide included with this presentation.

<sup>2</sup>Savings and synergies shown are cumulative for the programme to date throughout the table

<sup>3</sup> Additional one-time costs to prepare Consumer Healthcare for separation, excluding transaction costs and excluding Capex.

## Operating costs: COGS, SG&A and R&D

### Cost of sales

Adjusted COGS (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
COGS	2,610	2,249	2,540	2,792	10,191	2,236	2,348	2,646
% of turnover	28.7%	29.5%	29.4%	31.9%	29.9%	30.1%	29.0%	29.2%
Reported growth - CER	+20%	+0%	-6%	-2%	+2%	-13%	+9%	+7%
Pro forma growth - CER	+9%	-8%	-8%	-2%	-3%	n/a	n/a	n/a

### Selling, General and Administration

Adjusted SG&A costs (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
SG&A	2,786 <sup>1</sup>	2,530	2,477 <sup>2</sup>	2,924 <sup>3</sup>	10,717	2,315 <sup>4</sup>	2,498	2,504
% of turnover	30.6%	33.2%	28.6%	33.5%	31.4%	31.2%	30.9%	27.6%
Reported growth - CER	+18%	+4%	-7%	-4%	+2%	-15%	+5%	+7%
Pro forma growth - CER	+8%	-5%	-10%	-4%	-3%	n/a	n/a	n/a

<sup>1</sup> Q1'20 – includes costs for a number of legal settlements

<sup>2</sup> includes one-off benefit from restructuring of post-retirement benefits

<sup>3</sup> includes a number of legal settlements

<sup>4</sup> includes a favourable legal settlement

### Research and development

Adjusted R&D costs (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
R&D	1,086	1,171	1,049 <sup>1</sup>	1,297	4,603	1,077	1,165	1,169
% of turnover	11.9%	15.4%	12.1%	14.8%	13.5%	14.5%	14.4%	12.9%
Reported growth - CER	+11%	+11%	-6%	+12%	+7%	+3%	+6%	+15%
Pro forma growth - CER	+9%	+9%	-7%	+12%	+6%	n/a	n/a	n/a

<sup>1</sup> Includes one-off benefit from recognition of pre-launch inventory following the successful approval of Blenrep for the treatment of multiple myeloma

Commentary by Iain Mackay from Q3 2021 results analyst/investor call: “We now expect R&D to grow high single digits in the year, reflecting upscaled investment balanced by continued realisation of efficiencies with our approach to One R&D.”

## Royalty income

Adjusted royalties (£m)	Q1	Q2	Q3	Q4	Full Year
2019	73	78	118	82	351
2020	67	75	85	91	318
2021 outlook	91	77	116		Between £300m and £350m

## Divisional operating margins

Adjusted operating margin (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Pharma	26.9%	23.8%	28.0%	19.5%	24.5%	28.8%	29.3%	29.4%
Vaccines	47.5%	23.4%	44.2%	34.3%	38.9%	25.0%	32.7%	47.5%
Consumer Healthcare	26.8%	21.8%	22.3%	16.3%	22.1%	23.1%	21.7%	25.9%
<b>Group</b>	<b>29.4%</b>	<b>22.9%</b>	<b>30.8%</b>	<b>20.8%</b>	<b>26.1%</b>	<b>25.4%</b>	<b>26.7%</b>	<b>31.7%</b>

Commentary by Iain Mackay from Q3 2021 results analyst/investor call:

**Pharmaceuticals:** “The Pharma operating margin was 29.4% in Q3, and 29.2% year-to-date. The increase in Q3 primarily reflected the positive operating leverage from increased sales as well as continued tight cost control and restructuring benefits.”

**Vaccines:** “The operating margin was 47.5%; the increase in operating profit and margin primarily reflected the positive operating leverage from sales growth with positive mix, as well as higher royalty income. Partly offsetting this was increased R&D investment of 46% as we progressed our RSV and meningitis development programmes and invested in our mRNA platform. The year-to-date operating margin was 37.3%.”

**Consumer Healthcare:** “The operating margin for Q3 was 25.9%, up 420 basis points at constant exchange rates versus last year. Year-to-date operating margin was 23.6%.”

## Financial performance

### Net finance expense

Adjusted net finance costs (£m)	Q1	Q2	Q3	Q4	Full Year
2019	(187)	(220)	(206)*	(197)	(810)
2020	(187)*	(227)	(197)	(233)	(844)
2021	(190)	(185)	(192)		Around £800 to 850m

\* includes fair value gain on interest rate swaps



## Associates and joint ventures

Adjusted associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2019	57*	(4)	17	4	74
2020	9	19	11	(6)	33
2021	16	16	3		

\* includes one-time benefit of £51 million, reflecting our increased share of after-tax profits of Innoviva, as a result of a non-recurring tax benefit

On 20 May GSK announced the sale of its stake in Innoviva. GSK will no longer recognise a share of Innoviva profits. £41m was recognised in 2020 in total and adjusted results in share of after-tax profits of associates and JVs.

## Taxation

Adjusted tax rate (%)	Q1	Q2	Q3	Q4	Full Year
2019	19.7%	15.4%	15.8%	12.5%	16.0%
2020	13.7%*	20.5%	16.8%	13.9%	16.0%
2021 outlook	18.6%	18.4%	20.6%		Around 18%

\*benefits from the cancellation by the UK Government of a reduction in the UK corporation tax rate from 19% to 17% resulting in an increase in the value of balance sheet deferred tax assets.

Commentary by Iain Mackay from Q3 2021 results analyst/investor call: "The effective tax rate of 20.6% was higher than last year, and reflected the timing of settlements with the various tax authorities. We still expect the full year effective tax rate to be around 18%."

## Profit / (loss) attributable to non-controlling interests (minority interests)

Adjusted profit/(loss) attributable to non-controlling interests (£m)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
ViiV	128	113	130	103	474	108	101	122
Consumer Healthcare	139	138	147	91	515	114	108	161
Other	15	16	10	1	42	24	7	13
<b>Total</b>	<b>282</b>	<b>267</b>	<b>287</b>	<b>195</b>	<b>1,031</b>	<b>246</b>	<b>216</b>	<b>296</b>

## Balance Sheet and Cashflow

### Free cash flow

Free cash flow* (£m)	Q1	Q2	H1	Q3	9M	Q4	FY
2019	165	370	535	1,939	2,474	2,599	5,073
2020	531	1,949	2,480	(180)	2,300	3,106	5,406
2021	(3)	316	313	1,223	1,536		

Commentary by Iain Mackay from Q3 2021 results analyst/investor call: *“Improving cash flow performance continues to be a constant focus for the team, and pleasingly, we are ahead of expectations for the year; however, we do still expect this year to be a significant step down versus 2020.”*

Commentary by Iain Mackay from Q4 2020 results analyst/investor call: *“We however anticipate lower free cash flow in 2021, informed by less cash from asset divestments, which was particularly strong in 2020, less favourable RAR timing compared to last year, along with continued investment in R&D-focused business development and higher outflows from restructuring, which we will largely complete this year.”*

### Net debt

Net debt (£m)	31 Mar	30 Jun	30 Sep	31 Dec
2019	27,058	28,721	28,139	25,215*
2020	26,668**	23,435	23,882	20,780
2021	21,402	21,921	22,091	

\*includes £507m of cash and cash equivalents reported in assets held for sale

\*\*includes £483m of cash and cash equivalents reported in assets held for sale

In the Q3 2021 press release we made the following comments:

*“At 30 September 2021, net debt was £22.1 billion, compared with £20.8 billion at 31 December 2020, comprising gross debt of £25.6 billion and cash and liquid investments of £3.5 billion. Net debt increased due to the dividends paid to shareholders of £3.0 billion, additional investments of £0.1 billion and £0.1 billion of net adverse exchange impacts from the translation of non-Sterling denominated debt and exchange on other financing items, partly offset by £1.5 billion free cash flow and £0.4 billion proceeds from investments, including £0.3 billion proceeds from the Innoviva disposal.*

*At 30 September 2021, GSK had short-term borrowings (including overdrafts and lease liabilities) repayable within 12 months of £4.9 billion with loans of £3.1 billion repayable in the subsequent year.”*

## Contingent consideration

Contingent consideration (£m)	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021
Shionogi – relating to ViiV Healthcare	5,325	5,436	5,572	5,359	5,277	5,199	5,242
Novartis – relating to Vaccines acquisition	338	349	493	477	496	504	511
Other	37	45	40	33	35	57	59
<b>Total</b>	<b>5,700</b>	<b>5,830</b>	<b>6,105</b>	<b>5,869</b>	<b>5,808</b>	<b>5,760</b>	<b>5,812</b>

In the Q3 2021 press release we made the following comments:

*“Contingent consideration amounted to £5,812 million at 30 September 2021 (31 December 2020: £5,869 million), of which £5,242 million (31 December 2020: £5,359 million) represented the estimated present value of amounts payable to Shionogi relating to ViiV Healthcare and £511 million (31 December 2020: £477 million) represented the estimated present value of contingent consideration payable to Novartis related to the Vaccines acquisition.*

*Of the contingent consideration payable (on a post-tax basis) to Shionogi at 30 September 2021, £737 million (31 December 2020: £745 million) is expected to be paid within one year.”*

In order to illustrate underlying performance, it is the Group’s practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth, unless otherwise stated.

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